

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
**(IN BANKRUPTCY AND INSOLVENCY)**  
**COMMERCIAL LIST**

**IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF DUNDEE ENERGY LIMITED PARTNERSHIP OF THE  
CITY OF TORONTO IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF DUNDEE OIL AND GAS LIMITED OF THE CITY OF TORONTO IN THE  
PROVINCE OF ONTARIO**

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**SUPPLEMENT TO THE SECOND REPORT OF THE PROPOSAL TRUSTEE  
FTI CONSULTING CANADA INC.**

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December 5, 2017

## 1.0 INTRODUCTION

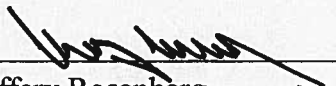
1.1 This report (the “**Supplement**”) is filed by FTI Consulting Canada Inc. in its capacity as the Proposal Trustee (the “**Proposal Trustee**”) of Dundee Energy Limited Partnership and Dundee Oil and Gas Limited (together, the “**Debtors**”) as a supplement to the Proposal Trustee’s Second Report to the Court dated December 4, 2017 (the “**Second Report**”).

1.2 The Second Report and this Supplement are filed in connection with the Debtors’ motion returnable December 7, 2017 to extend the time for the Debtors to file a proposal under the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the “**BIA**”).

1.3 The Debtors’ cash flow forecast for the period ending February 23, 2018 (the “**Cash Flow Forecast**”) attached as Appendix “A” to the Second Report, does not include the Form 30 (Report on Cash-Flow Statement by Person Making the Proposal) executed by the Debtors as contemplated by BIA section 50.4(2). Attached as **Appendix “A”** to this Supplemental is the Cash Flow Forecast together with the Form 30 and Form 30 Attachment with respect thereto executed by the Debtors.

All of which is respectfully submitted this 5<sup>th</sup> day of December, 2017.

**FTI Consulting Canada Inc., solely in its capacity as  
Proposal Trustee of Dundee Energy Limited Partnership  
and Dundee Oil and Gas Limited and not in its personal  
or corporate capacity**

  
Per: Jeffery Rosenberg  
Senior Managing Director

# Appendix A

District of: Ontario  
Division No. 09 – Toronto  
Court No. 31-458352  
Estate No.

FORM 30

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

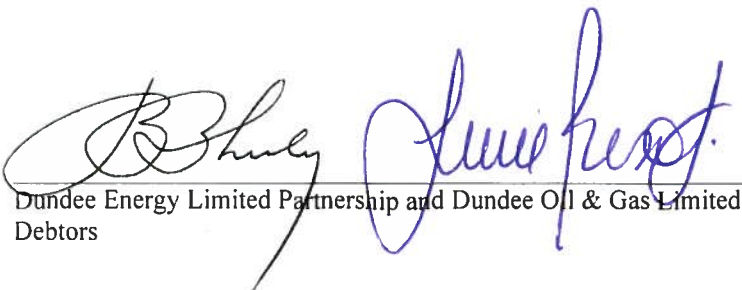
The Management of Dundee Energy Limited Partnership and Dundee Oil & Gas Limited, has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 25<sup>th</sup> day of November 2017, consisting of weekly cash flows until the week ending February 23<sup>rd</sup>, 2018 prepared on the basis of the notes attached to the cash flow statement.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the city of Toronto in the Province of Ontario, this 4<sup>th</sup> day of December 2017.



Dundee Energy Limited Partnership and Dundee Oil & Gas Limited  
Debtors

Bruce Sherley, President

Lucie Presot, VP, CFO and Corporate Secretary

\_\_\_\_\_  
Name and title of signing officer

District of: Ontario  
Division No. 09 – Toronto  
Court No. 31-458352  
Estate No.

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

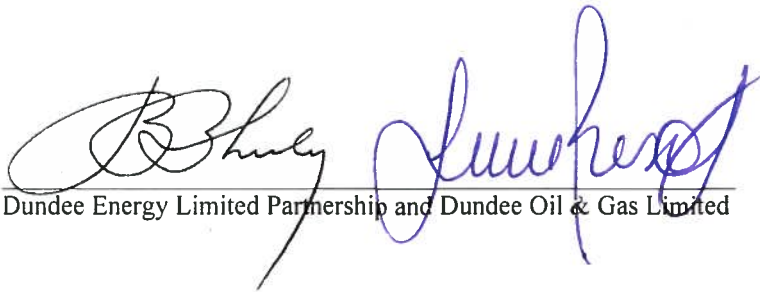
Purpose:

To show the Company has sufficient cash to fund operations through the 13 week period ending February 23, 2018

Projection Notes:

See attached Cash Flow Assumption Notes

Dated at the city of Toronto in the Province of Ontario, this 4<sup>th</sup> day of December 2017



Dundee Energy Limited Partnership and Dundee Oil & Gas Limited

Bruce Sherley, President

Lucie Presot, VP, CFO and Corporate Secretary

Name and title of signing officer

Appendix A  
 Dundee Energy Limited Partnership and Dundee Oil & Gas Limited  
 Cash Flow Forecast to February 23, 2018  
 13 Week Cash Flow

	Week 1 01-Dec-17	Week 2 08-Dec-17	Week 3 15-Dec-17	Week 4 22-Dec-17	Week 5 29-Dec-17	Week 6 05-Jan-18	Week 7 12-Jan-18	Week 8 19-Jan-18	Week 9 26-Jan-18	Week 10 02-Feb-18	Week 11 09-Feb-18	Week 12 16-Feb-18	Week 13 23-Feb-18	Total
Oil					762				801				796	2,359
Gas					1,189				1,408				-	2,597
Processing	4				4				4				4	16
Other	4				4				7				4	19
<b>Total Revenue</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>803</b>	<b>4,991</b>
Royalties	(317)			(340)					(312)				(123)	(969)
Operating	(145)	(167)	(145)	(145)	(145)	(190)	(168)	(168)	(168)	(145)	(123)	(123)	(123)	(1,810)
<b>Field Netback</b>	<b>(462)</b>	<b>(167)</b>	<b>(145)</b>	<b>(485)</b>	<b>1,959</b>	<b>(190)</b>	<b>(168)</b>	<b>(168)</b>	<b>1,740</b>	<b>(145)</b>	<b>(123)</b>	<b>(123)</b>	<b>681</b>	<b>2,212</b>
Realized Risk Mgmt. Gain / (Loss)														(74)
Field Netback net of Risk Mgmt.	(462)	(241)	(145)	(485)	1,959	(190)	(168)	(168)	1,740	(145)	(123)	(123)	681	2,138
Payroll	(184)	(24)	(167)	(167)		(171)	(171)	(171)	(30)	(171)	(19)	(165)	(34)	(1,025)
Other G&A	(24)	(24)	(24)	(24)	-	(30)	(30)	(30)	(30)	(19)	(19)	(19)	(34)	(307)
<b>EBITDA</b>	<b>(662)</b>	<b>(265)</b>	<b>(336)</b>	<b>(676)</b>	<b>1,959</b>	<b>(220)</b>	<b>(369)</b>	<b>(198)</b>	<b>1,710</b>	<b>(335)</b>	<b>(142)</b>	<b>(307)</b>	<b>647</b>	<b>806</b>
Interest & Financing Fees		(388)				(350)				(350)				(1,088)
Abandonment Disbursements			(72)											(75)
P&NG Rights	(37)					(350)								(387)
Restructuring Expenses		(300)					(300)							(600)
<b>Funds from Operations</b>	<b>(699)</b>	<b>(953)</b>	<b>(411)</b>	<b>(676)</b>	<b>1,959</b>	<b>(920)</b>	<b>(669)</b>	<b>(198)</b>	<b>1,710</b>	<b>(685)</b>	<b>(142)</b>	<b>(307)</b>	<b>647</b>	<b>(1,344)</b>
Opening Draw on Credit Facility	(53,731)	(54,430)	(55,383)	(55,794)	(56,470)	(54,511)	(55,431)	(56,100)	(56,298)	(54,588)	(55,273)	(55,415)	(55,722)	(53,731)
<b>Ending Draw on Credit Facility</b>	<b>(54,430)</b>	<b>(55,383)</b>	<b>(55,794)</b>	<b>(56,470)</b>	<b>(54,511)</b>	<b>(55,431)</b>	<b>(56,100)</b>	<b>(56,298)</b>	<b>(54,588)</b>	<b>(55,273)</b>	<b>(55,415)</b>	<b>(55,722)</b>	<b>(55,075)</b>	<b>(55,075)</b>
Bank Line														
Operating Credit Card														
<b>Total Credit Facility</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>	<b>(58,000)</b>
<b>Remaining Balance on Credit Facility</b>	<b>3,570</b>	<b>2,617</b>	<b>2,206</b>	<b>1,530</b>	<b>3,489</b>	<b>2,569</b>	<b>1,900</b>	<b>1,702</b>	<b>3,412</b>	<b>2,727</b>	<b>2,585</b>	<b>2,278</b>	<b>2,925</b>	<b>2,925</b>

*[Signature]*  
 Dundee Energy Limited Partnership, Debtor  
 Ms. Lacey Presot, Interim Chief Financial Officer

*[Signature]*  
 FTI Consulting Canada Inc.  
 Mr. Jeffrey Rosenberg, Licensed Insolvency Trustee

**In the Matter of the Notice of Intention to make a Proposal of  
Dundee Energy Limited Partnership and Dundee Oil & Gas Limited  
Notes to the Cash Flow Statement  
For the thirteen week period ending February 23, 2018**

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**1. Purpose of the Cash Flow Statement**

Dundee Energy Limited Partnership and Dundee Oil & Gas Limited (together the “**Debtors**”) have prepared the attached forecast for the period November 25, 2017 to February 23, 2018 (the “**Cash Flow Period**”) and the accompanying notes (collectively the “**Cash Flow Statement**”) in support of the proposal (the “**Proposal**”) that it filed under the *Bankruptcy and Insolvency Act* (“**BIA**”) on August 15, 2017. The Cash Flow Statement should be read in conjunction with the Report on Cash Flow Statement by the Debtors (Form 30 under the BIA) and also with the Trustee’s Report on Cash Flow Statement (Form 29 under the BIA), each appended to the Cash Flow Statement.

The Debtors have prepared the Cash Flow Statement based on probable and hypothetical assumptions that reflect the Debtors’ planned course of action for the Cash Flow Period. Management is of the opinion that, as at the date of filing the Cash Flow Statement, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Debtors and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the Cash Flow Statement.

The Cash Flow Statement has been developed pursuant to s.50(6) of the BIA and is in support of the Proposal. The information contained in the Cash Flow Statement is subject to changing assumptions and/or receipt of new or additional information and actual results may vary. The Cash Flow Statement should not be used for any other purpose and creditors are cautioned that the information provided in the Cash Flow Statement could vary based on changing future circumstances.

**2. Global Cash Flow Assumptions**

The Debtors will operate as a going concern and will continue to make interest payments on its secured loan (the “**Credit Facility**”) with National Bank of Canada (the “**Bank**”) as cash flow permits. The Debtors have sufficient cash on hand and borrowing availability under the Credit Facility to maintain operations through the Cash Flow Period.

**3. Oil and Gas Revenue**

The Debtors’ oil and gas revenue is the product of NYMEX futures settlement pricing as of November 28, 2017 and its expected production forecast. The Debtors’ production forecast is based on historical results and decline rates. Oil and gas revenue is received between the 20<sup>th</sup> and 25<sup>th</sup> of the month in the

following month. (i.e. November production revenue would be received on December 20<sup>th</sup> – 25<sup>th</sup>).

#### **4. Processing and Other Revenue**

Processing and Other Revenue is derived from the Debtors' expected marketing and royalty revenue on third party production which is directed through its processing facilities. Processing and other revenue is assumed to be received on the 22<sup>nd</sup> day of the following month.

#### **5. Royalties**

The Debtors' monthly royalty expense is a product of the Debtors' expected production revenues and freehold, crown and gross overriding royalty percentages. The freehold and crown rate is 12.5% for the Debtors' Ontario production which includes all fields except the Mikwan field in Alberta. The Mikwan crown rate is 5%. The gross overriding royalty rate differs between production field but ranges from 0% for its offshore production to 10.5% for its Mikwan production. The total royalties including freehold, crown and gross overriding royalties over the Debtors' different production fields range from 12.5% to 18.5%.

#### **6. Operating Expenses**

The Debtors' monthly operating expenses are based on historical expenses including but not limited to well and equipment maintenance costs, land rental expenses, utilities, transportation and regularly scheduled well workovers. The Debtors' operating expenses, excluding transportation, are related to but not dependant on monthly production. Whereas transportation expenses are a product of monthly production and the Debtors' historical transportation costs for either oil or gas. Based on negotiation with vendors following August 15, 2017 (the date the Notice of Intention to Make a Proposal was filed) monthly transportation costs for natural gas are forecast to be paid at the beginning of each month in advance of the monthly transportation services being provided.

#### **7. Realized Risk Management Gain / (Loss)**

Realized risk management gain or loss is calculated as the difference between the Debtors' hedged gas price and the actual average monthly pricing multiplied by the amount of production hedged. The Debtors currently have one hedging contract for 5,000 mmbtu/d which expires on January 1, 2018. The Debtors' realized risk management gain or loss is assumed to be settled on the third business day of the month for that month (i.e. The December contract will settle on December 3<sup>rd</sup>).



## **8. Payroll**

The payroll includes both salaried office employees and field staff as well as employee benefits. The Debtors' payroll is funded a minimum of two business days prior to the 15<sup>th</sup> and end of the month.

## **9. Other G&A**

Other G&A includes but is not limited to office rent and miscellaneous office expenses. Other G&A is assumed to be paid in weekly vendor settlement payments as they come due in the normal course of business.

## **10. Interest & Financing Fees**

Interest and financing fees are the interest payments owed by the Debtors to the Bank under the Credit Facility. Interest and financing fees are assumed to be paid on the last day of the month.

## **11. Abandonment Disbursements**

Abandonment disbursements relate to the expenses incurred as the Debtors' complete the government mandated well abandonments, including abandonment related payroll expenses. The Cash Flow assumes abandonments will conclude in December; however the Debtors' ability to continue with its currently planned onshore abandonment schedule is reliant on the weather and crop harvest conditions. Offshore abandonment activities have ceased for the year and remaining costs represent demobilization of the abandonment barge vessel. Abandonment operating expenses (i.e. non abandonment payroll related) are assumed to be paid in weekly vendor settlement payments as they come due in the normal course of business. Abandonment payroll is paid on a bi-weekly basis.

## **12. P&NG Rights**

P&NG rights relate to land rental payments on undeveloped land. P&NG rights are assumed to be paid at the beginning of each month as they come due for annual renewal.

## **13. Restructuring Expenses**

Restructuring expenses relate to the professional fees to be incurred in connection with the Proposal proceeding, including expenses of the Debtors' counsel, Trustee and its counsel and the Bank and its counsel.

## **14. Credit Facility**

The Credit Facility allows a maximum draw of \$58 million as per its underlying credit facility agreement. The Credit facility consists of a \$57.9 million operating line and a MasterCard with a \$100,000 limit.

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF DUNDEE ENERGY LIMITED PARTNERSHIP OF THE CITY OF TORONTO  
IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF DUNDEE OIL AND GAS LIMITED OF THE CITY OF TORONTO IN  
THE PROVINCE OF ONTARIO**

Court File No.: 31-458352

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)  
COMMERCIAL LIST**  
Proceedings commenced at Toronto

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**SUPPLEMENT TO THE SECOND REPORT OF  
THE PROPOSAL TRUSTEE  
FTI CONSULTING CANADA INC.**

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